

EXHIBIT A

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
Case Nos. 08-13555 (JMP) ; 08-01420 (JMP) (SIPA)
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In the Matter of:

LEHMAN BROTHERS HOLDINGS INC., et al.
Debtors.
- - - - -x
In the Matter of:

LEHMAN BROTHERS INC.
Debtor.
- - - - -x
United States Bankruptcy Court
One Bowling Green
New York, New York

October 20, 2010
10:06 AM

B E F O R E:
HON. JAMES M. PECK
U.S. BANKRUPTCY JUDGE

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HEARING re Motion of Capital One, N.A. for Relief from the
Automatic Stay

HEARING re Motion of Alpine Bank for Relief from the Automatic
Stay

HEARING re Motion of Lehman Brothers Special Financing Inc. for
Enforcement of the Automatic Stay and for Sanctions for
Violation of the ADR Procedures Order

HEARING re Motion of Debtors for Authorization and Approval of
the Global Settlement Among the Debtors and the Ambac Settling
Parties

HEARING re Motion of the Debtors for Authority to Enter into
Settlement with SunCal Trustee on Behalf of SunCal Involuntary
Debtors

HEARING re Debtors' Motion for Approval of a Settlement
Agreement Among LBSF, LBHI, and Societe Generale, New York
Branch and Certain Related Relief

HEARING re Debtors' Motion to Stay Avoidance Actions and Grant
Certain Related Relief

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2 HEARING re Lehman Brothers Special Financing Inc.'s Motion for
3 Expedited Discovery Pursuant to Bankruptcy Rules 7026 and 9014
4

5 SECURITIES INVESTOR PROTECTION CORPORATION PROCEEDINGS:

6 HEARING re Motion of Newport Global Opportunities Fund (Master)
7 L.P. and Newport Global Opportunities Fund L.P. for Entry of an
8 Order Authorizing Newport to File Under Seal the Motion for
9 Leave to Conduct Rule 2004 Discovery and Certain Exhibits
10 Thereto
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12 HEARING re Motion of Newport Global Opportunities Fund (Master)
13 L.P. and Newport Global Opportunities Fund L.P. for Leave to
14 Conduct Rule 2004 Discovery
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25 Transcribed by: Lisa Bar-Leib

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1 P R O C E E D I N G S

2 THE CLERK: All rise.

3 THE COURT: Be seated, please. Good morning. Good
4 morning, Mr. Miller.

5 MR. HARVEY MILLER: Good morning, Your Honor. Harvey
6 Miller, Weil Gotshal & Manges on behalf of the debtors. This
7 is an omnibus hearing, Your Honor, in the Lehman cases.
8 Referring to the agenda, Your Honor, we have a number of
9 uncontested matters. Items 1 and 2, which are motions by
10 Capital One, N.A. and a motion by Alpine Bank for modification
11 of the automatic stay. These have been resolved, Your Honor.
12 There are no appearances by the moving parties. We've been
13 authorized to represent to the Court that it's been resolved.
14 Stipulations are in the process of being prepared and will be
15 submitted to the Court either this afternoon or tomorrow.

16 THE COURT: I see Mr. Ostrow standing. I don't know
17 if he's standing for either of these matters or if, for some
18 reason, he needed to stretch.

19 MR. OSTROW: Good morning, Your Honor. Alec Ostrow
20 from Becker, Glynn, Melamed & Muffly for Alpine Bank. I don't
21 disagree with what Mr. Miller said. I'm just here, Your Honor,
22 because we are very close to resolving the matter. We have the
23 debtors' attention and I don't want to lose it. If we can't
24 get to final resolution, I'd like the opportunity to bring this
25 back up on very short notice. That's all.

1 THE COURT: Okay. You've said what you've said. I'm
2 not commenting further.

3 MR. HARVEY MILLER: It will be resolved, Your Honor.

4 THE COURT: I expect so.

5 MR. OSTROW: Thank you.

6 MR. HARVEY MILLER: Your Honor, number 3 is a motion
7 by Lehman Brothers Special Financing Inc. to enforce the
8 automatic stay and for sanctions for violations of the ADR
9 procedures order. The respondents, Your Honor, PT Mobile-8,
10 which is in Indonesia, has taken the position Your Honor has no
11 jurisdiction over it. And we're moving forward, Your Honor.
12 There's a declaration by my associate, Holly Loiseau who is
13 here in court if Your Honor would like some further information
14 as to this motion.

15 THE COURT: I looked pretty carefully at this. Are
16 one of the issues of service or this is just a situation where
17 the Mobile-8 entity in Indonesia is thumbing its nose that
18 everything that goes on in this court?

19 MR. HARVEY MILLER: Your Honor, may I introduce Ms.
20 Loiseau? She is (indiscernible) in this matter.

21 THE COURT: Fine. Yes. Welcome.

22 MS. LOISEAU: Good morning, Your Honor. Holly Loiseau
23 for the debtors. Yes, Your Honor. What has occurred with this
24 case is that the PT Mobile-8 was involved with the ADR
25 procedures process. And they responded to the notice. We held

1 three additional settlement conferences with them by phone.
2 And then they refused to respond to the court-appointed
3 mediator for mediation. And then, on September 10th, the
4 debtor received a copy of the complaint that had been filed
5 apparently in May of 2010 in the Jakarta court. The
6 counterparty here was in full knowledge of the debtor's
7 bankruptcy case because they had been participating in the ADR
8 procedures process.

9 In addition, we have delivered notice of this motion
10 by e-mail, facsimile and by overnight mail. We also delivered
11 a letter before we filed the motion saying that the Jakarta
12 action that they had filed was in violation of the automatic
13 stay and asking that they withdraw it immediately because it
14 was in violation of the stay. The counterparty -- their
15 counsel refused to accept hand-delivery of that letter on
16 several occasions. We had obtained local counsel on behalf of
17 the debtors in Jakarta who are very familiar with this
18 particular counsel for the counterparty and they refused to
19 accept service of that letter.

20 THE COURT: Okay. Based upon your representations,
21 there seems to be no doubt that Mobile-8 has actual notice of
22 the bankruptcy, participated to some extent in the ADR
23 procedures and, presumably by design, decided to ignore the
24 authority of the bankruptcy court and to take steps to protect
25 itself under local law. I have no further questions of you. I

1 understand the situation.

2 MS. LOISEAU: Thank you, Your Honor.

3 THE COURT: This is, at this point, an uncontested
4 motion of Lehman Brothers Special Financing to enforce the
5 automatic stay and for sanctions. It's unopposed and the
6 motion will be granted. What happens thereafter, I leave to
7 the debtors.

8 MS. LOISEAU: Thank you, Your Honor.

9 THE COURT: What will happen at this point?

10 MS. LOISEAU: Well, Your Honor, the debtors have filed
11 an adversary proceeding as well with respect to the amounts
12 that are owed by this counterparty which is approximately 4.6
13 million dollars plus interest. And the debtors will proceed
14 with whatever avenues they -- are available to them to try to
15 enforce that judgment and to recover the amounts payable to the
16 estate.

17 THE COURT: And I take it that you're taking
18 appropriate steps in Jakarta with local counsel to pursue all
19 remedies.

20 MS. LOISEAU: What we have done is our first move was
21 to come to this court which we believe is the appropriate court
22 to decide all matters with respect to claims against the
23 debtor. And -- but we have retained local counsel to advise us
24 on the procedures and the process there --

25 THE COURT: Okay.

1 MS. LOISEAU: -- and what impact this judgment might
2 have -- a judgment from this Court would have.

3 THE COURT: All right. Fine. Good luck.

4 MS. LOISEAU: Thank you.

5 MR. HARVEY MILLER: If Your Honor please, for the
6 fourth uncontested matter, Jones Day appears on behalf of the
7 debtor.

8 (Pause)

9 MS. SISITSKY: Good morning, Your Honor. Aviva
10 Sisitsky of Jones Day for the debtors on the uncontested matter
11 of the motion by Lehman Brothers Holdings and its affiliated
12 debtors for authorization and approval for the settlement
13 agreement with Ambac Assurance Corporation and certain related
14 Ambac entities.

15 The global settlement agreement as described in the
16 motion provides that Ambac will be withdrawing all sixty of its
17 proofs of claim filed in the debtors' Chapter 11 cases which
18 relate to complex residential mortgage-backed securities
19 transactions and which, in the aggregate, exceeds 6.1 billion
20 dollars.

21 The global settlement agreement also provides for a
22 general release by each party of the other party and certain
23 related entities and resolves the issues involved in three
24 contested credit derivative contracts in which Ambac provided
25 financial guaranty insurance contracts.

1 Your Honor, the motion and accompanying declaration of
2 Daniel Ehrmann was filed on October 5th. No objections have
3 been filed and none received as of this morning. Proper notice
4 was provided in accordance with the claim settlement procedures
5 established by this Court in its March 31st, 2010 order. And
6 the affidavit of service has also been filed. The creditors'
7 committee also supports this motion, Your Honor, and the global
8 settlement agreement.

9 Two points on the motion, if I may quickly. The
10 parties reached final documentation and execution of the global
11 settlement agreement subsequent to the October 5th filing of
12 the motion. Upon execution of the global settlement agreement,
13 the parties mutually agreed to add signatories to both sides.
14 The motion which summarizes in detail the salient terms of the
15 global settlement remains unchanged. This is a technical
16 point, Your Honor. Accordingly, there are now thirteen Ambac
17 related entities that are signatories and all of the Lehman
18 debtors are also signatories.

19 We had conducted an investigation by reviewing the
20 debtors' schedules and have spoken to our client and consent
21 that there are no claims by these additional debtor schedules.
22 Thus, we are here today on behalf of all the debtors asking for
23 Your Honor's approval of the global settlement agreements to
24 which they all are now parties.

25 We've amended the proposed order to reflect this

1 technical change. And if I may approach, I'm happy to hand up
2 the proposed order along with the blackline.

3 THE COURT: Yes. You may approach.

4 (Pause)

5 MS. SISITSKY: I also wanted to mention that the
6 global settlement agreement, Your Honor, is subject to two
7 approvals: Your Honor's approval and the approval of the
8 circuit court of Dane County of Wisconsin or the rehabilitation
9 court in which Ambac is engaged in their rehabilitation
10 proceeding. The global settlement agreement provides that the
11 settlement becomes effective upon the approval of both Courts.
12 We should have participating by telephone counsel for Ambac
13 parties and counsel for the Office of the Commissioner of
14 Insurance. That's my understanding that they were planning on
15 participating by phone. And they can explain the process in
16 the rehabilitation court for getting the approval and that
17 prosecution of the plan of rehabilitation filed in the Ambac's
18 rehabilitation proceedings on October 8th would not affect the
19 global settlement agreement.

20 THE COURT: Let's take a moment and find out if
21 anyone's on the phone from Wisconsin who wishes to speak up to
22 this issue.

23 MR. VAN SICKLEN (TELEPHONICALLY): Yes, Your Honor.
24 My name is Mike van Sicklen. I'm a partner at the law firm of
25 Foley & Lardner. I'm appearing telephonically this morning

1 from Madison, Wisconsin. We represent the Wisconsin
2 Commissioner of Insurance both as the regulator of Ambac
3 Assurance Corporation and as a court-appointed rehabilitator of
4 the segregated account of Ambac Assurance. Are you able to
5 hear me okay, Your Honor?

6 THE COURT: Loud and clear, thank you.

7 MR. VAN SICKLEN: Okay. Just three very brief points.
8 The commissioner here in Wisconsin supports approval both in
9 your court and in our court of the global settlement agreement.
10 We think it makes imminent sense. It avoids protracted
11 litigation with very uncertain outcomes of both sides. It's a
12 mutual release.

13 Secondly, we have filed already earlier this week a
14 parallel application for approval with our Wisconsin
15 rehabilitation court of the agreement. It's set for a hearing
16 here in Wisconsin on November 5th with a prior deadline for
17 filing any objections. If none are received, we will ask Dane
18 County Circuit Court to approve our entry through the
19 commissioner into the settlement on October 31st. There was a
20 reference by counsel for Lehman Brothers a minute ago about our
21 pending plan for confirmation, the rehabilitation that we've
22 promulgated on behalf of the commissioner. We do not think
23 that how that process unfolds at confirmation will alter or
24 impair the effectiveness of the global settlement being entered
25 into by the commissioner or Ambac both of which are

1 signatories.

2 So I'm happy to field any questions you have, Your
3 Honor. But we're anticipating a smooth approval process at
4 this hearing.

5 THE COURT: Okay. Thank you.

6 MR. YOUNG (TELEPHONICALLY): Your Honor, this is
7 Bennett Young of Dewey & LeBoeuf in San Francisco. I represent
8 Ambac Assurance Corporation and its affiliates. And I agree
9 with the statements that Mr. van Sicklen has just made
10 regarding the (indiscernible). I just wanted to note my
11 appearance for Your Honor.

12 THE COURT: All right. Thank you very much. This may
13 be a good time to hear from counsel for the committee to the
14 extent that there's any comment to be made on this. Or if you
15 don't need to speak, you don't have to, but it seems like a
16 logical time since we're hearing from other parties.

17 MR. O'DONNELL: Your Honor, Dennis O'Donnell, Milbank,
18 Tweed, Hadley & McCloy on behalf of the committee. Not much to
19 say, Your Honor. We agree. We support the settlement. It was
20 evaluated by both our derivative subcommittee and the full
21 committee and we believe that it's a good settlement for the
22 debtors.

23 THE COURT: Okay. Fine.

24 MS. SISITSKY: One last thing, Your Honor. Attached
25 to the motion is Mr. Ehrmann's written declaration which could

1 be treated as his testimony for hearing if Your Honor wishes.
2 Otherwise, I'm happy to proffer his testimony.

3 THE COURT: You can do it but I've seen the
4 declaration on the record and this not only uncontested but
5 seems to be broadly supported by parties in interest. And the
6 fact that it has been reviewed by the creditors' committee and
7 found acceptable is also very helpful. It's obviously a
8 settlement that benefits both this estate and the Ambac
9 rehabilitation that was the cause of (indiscernible) endorsing
10 it on both sides. And I accept the declaration that has been
11 filed as the functional equivalent of Mr. Ehrmann's testimony.

12 MS. SISITSKY: Thank you, Your Honor. And then I
13 think we're prepared to rest on our papers at this point and we
14 ask this Court to approve the motion and enter the proposed
15 order.

16 THE COURT: I approve and I will enter the order.

17 MS. SISITSKY: Thank you.

18 THE COURT: One thing before I hear from Mr. Perez and
19 before you leave. The order that was handed up doesn't have a
20 disk attached so that if you have another disk maybe we can
21 allow Weil Gotshal to act as the (indiscernible) but at counsel
22 table so that I can then (indiscernible). Thank you.

23 MS. SISITSKY: Thank you, sir.

24 MR. PEREZ: Good morning, Your Honor. Alfredo Perez
25 on behalf of the debtors. Your Honor, I'm here on the only

1 group of SunCal cases that I haven't been here on before.
2 There was the matters that we were here on the last time which
3 we called the Core I matters. The Court approved the
4 settlement that was -- there's a motion to approve the
5 settlement agreement in the SunCal cases scheduled for late
6 December. There is a hearing on the disclosure statement in
7 that case scheduled for early December. Then there are the
8 SunCal voluntary cases which were the subject of several
9 hearings in this court. Those are on appeal to the Second
10 Circuit. Judge -- one of the -- Judge Cabranes expedited the
11 appeal so our brief is due next week and the matter is set to
12 be argued at the beginning of December.

13 Your Honor, with respect to these cases, which we call
14 the involuntary cases or the trustee cases, the debtor has
15 entered into a settlement agreement that will be incorporated
16 into a plan. The total debt with respect to these cases is
17 about a billion one. There are six loans but I think there are
18 seven properties that are actually covered by the loans, Your
19 Honor.

20 In essence, the settlement agreement would provide for
21 (a) the conveyance of the property to Lehman entities; (b) the
22 funding of a plan by the Lehman entities which -- and the plan
23 basically has two components. One is the expenses and one is
24 the payment of creditors. The creditors will be paid on a
25 sliding scale depending on what time they incurred their debt

1 or whether they're secured. And then third, a full release of
2 all of the parties from all of the underlying litigation.

3 Your Honor, this has been the subject of very, very
4 lengthy extensive negotiations. The motion papers that we
5 filed set forth, in essence, the general terms of the
6 agreement. But on October 4th, attached to a notice under my
7 signature, we actually filed the actual plan and disclosure
8 statement that was filed both in the involuntary case. And
9 then subject to a much earlier order of this Court, we filed
10 the upgrade of the plan in the voluntary cases, really not
11 related to this motion today.

12 Your Honor, we did receive one response. It wasn't an
13 objection -- from counsel for the SunCal voluntary debtors, Mr.
14 O'Keefe. I don't see him in the courtroom. It's possible he's
15 on the phone but I don't know whether he is or not.

16 THE COURT: Let's find out. Mr. O'Keefe, are you
17 anywhere to be heard? Apparently, he's not on the line.

18 MR. PEREZ: Okay. Thank you, Your Honor. And
19 basically, he raised two points. One, he wanted to make sure
20 that our settlement agreement was subject to the approval of
21 the plan in the SunCal cases which, of course, it was. It said
22 it in there. We filed a brief response saying that it was.
23 And second, he wanted some additional language in the order
24 making sure that there was no prejudgment as to the
25 jurisdiction of the California court which we've included in

1 the order.

2 We filed yesterday a very, very short declaration from
3 Mr. Brusco. For all intents and purposes, Your Honor, the
4 matter is really not contested because I think we've addressed
5 the two issues that he raised. And they really weren't an
6 objection but were more by means of clarification. So unless
7 the Court has any questions, we would request entry of the
8 order.

9 THE COURT: I don't have any questions in respect of
10 the matter before me. But I do have a question as it relates
11 to the continued controversy with the plaintiffs represented by
12 Mr. O'Keefe and the degree to which that represents a threat to
13 the successful conclusion of the cases that are the subject of
14 the separate settlement agreements that I have already approved
15 and that I'm about to approve.

16 MR. PEREZ: Your Honor, I think that -- just by way of
17 background. There is a pending appeal in the Second Circuit on
18 Your Honor's two orders that were affirmed by Judge Hall.
19 There is the appeal in the Ninth Circuit with respect to the
20 order -- the back order. There is a second appeal pending at
21 the BAP with respect to the proofs of claim that were filed by
22 Lehman. There is currently a motion which has been briefed --
23 we referenced it in the footnote -- that has not been decided
24 or I don't even believe has been argued in which the SunCal
25 voluntary debtors are seeking to stay everything until relief

1 from stay is obtained in these cases. And then there are
2 plans. They have filed a plan with respect to all voluntary
3 and involuntary debtors. And we have filed a plan with respect
4 to all voluntary and involuntary debtors.

5 So, Your Honor, not being the person directly involved
6 with it, I think that there is a significant possibility that
7 there might be some interference, if you will, as a result of
8 the controversy with the SunCal voluntary debtors.

9 THE COURT: Are any conversations underway or
10 contemplated that might bring about a global resolution of all
11 issues in the cases?

12 MR. PEREZ: Your Honor, there have been conversations
13 that have gone on between Mr. Pachulski and Mr. Soto and
14 counsel for Mr. Couchot, Mr. O'Keefe's partner. There have
15 been conversations that have gone on from time to time with
16 respect to resolving portions of the matter, with respect to
17 solving things a little bit more generally. But to my
18 knowledge, there are no what I would refer to current ongoing
19 global discussions. But there are certainly discussions very
20 frequently with respect to particular issues and sometimes more
21 global aspects.

22 THE COURT: Okay. Thank you for that. I've looked at
23 Mr. Brusco's declaration and this is essentially uncontested
24 now. And unless someone wishes to be heard on the subject, I'm
25 prepared to approve this.

1 MR. O'DONNELL: Your Honor, Dennis O'Donnell again
2 from Milbank for the official committee. We did file
3 statements for this one, Your Honor, as we have in the past.
4 SunCal is something we've been following very closely. Our FAs
5 are heavily involved in the business decisions being made here.
6 And notwithstanding the status of potential issues that
7 confront getting this approved as part of the plan, we believe
8 that the settlement set forth in the motion is a good
9 settlement again and it should be approved by the Court.

10 THE COURT: Fine. I'm approving it.

11 MR. PEREZ: Thank you, Your Honor. May I be excused?

12 THE COURT: Yes.

13 MR. PEREZ: Thank you.

14 (Pause)

15 THE COURT: Good morning, Mr. Miller.

16 MR. RALPH MILLER: Good morning, Your Honor. I'm
17 Ralph Miller from Weil Gotshal & Manges here for Lehman
18 Brothers Holdings Inc. known as LBHI and Lehman Brothers
19 Special Financing Inc. known as LBSF. On the approval hearing
20 for a settlement with Societe Generale and disputes arising
21 from transactions known as Libra and MKP Vela -- I'm going to
22 refer to Societe Generale as SG. First, I'm pleased to report
23 that we have resolved the last of the two objections this
24 morning in discussions with Mr. Eric Schaffer. So there are no
25 objections to this motion pending. But I do need to take a

1 moment to explain the basis for resolving these objections and
2 some changes to the order, if I may, Your Honor.

3 THE COURT: Sure.

4 MR. RALPH MILLER: May I approach, Your Honor, to
5 provide a couple of copies of the revised order to the Court?

6 THE COURT: You may approach.

7 (Pause)

8 MR. RALPH MILLER: There are two (indiscernible).
9 We'll talk about one, (indiscernible) motion.

10 Your Honor, after months of intense negotiations with
11 SG, the creditors' committee and LBSF have achieved a
12 settlement that will bring at least 425 million dollars of net
13 value into the LBSF estate. And the preserves claims of LBSF
14 that could bring in an additional approximately seventy-two
15 million dollars. Two limited objections were filed with the
16 settlement, one by the Libra trustee, which is Bank of America,
17 and one by the MKP Vela trustee which is the Bank of New York
18 Mellon Trust Company. Through negotiations yesterday and this
19 morning, those objections were resolved. The order I have
20 passed up is redlined to reflect the changes made last night.
21 And it has a handwritten edition that was negotiated this
22 morning which I'd like to read into the record. Our proposal,
23 if it's acceptable to the Court, is for us to bring the Court a
24 corrected version this afternoon that reflects all of these
25 changes rolled into the order.

1 THE COURT: Yes. That's fine.

2 MR. RALPH MILLER: The changes, Your Honor, all have
3 to do essentially with the future of the matter and it may make
4 sense if I take just a moment to explain to the Court what is
5 being resolved and what is not being resolved by the
6 settlement.

7 The Court's already aware of the structure of the
8 Libra transaction because it was the subject of an evidentiary
9 hearing concerning a letter agreement with Deutsche Bank that
10 dealt with a possible assumption of the Libra deal by Deutsche
11 Bank and because cross-motions for summary judgment were argued
12 but not yet decided concerning a purported determination of the
13 Libra transaction. Fortunately, the transaction documents and
14 the MKP Vela transaction are, for all material purposes,
15 virtually identical to those in Libra.

16 For the record, let me explain briefly what the parts
17 of the transaction are that are being settled and what remains
18 open. As the Court will recall from Libra, these transactions
19 have certain basic components. First, there is a special
20 purpose entity that is created for each transaction. Those
21 were called Libra CDO Limited, in the case of the Libra
22 transaction; MKP Vela CDO, Ltd. for that transaction.

23 Assets were put into these special purpose vehicles
24 through the sale of notes and the special purpose vehicles
25 entered into credit default swap agreements in October and

1 November of 2006 with LBSF that gave credit protection to LBSF
2 keyed primarily to the performance of certain mortgage pools.
3 As we all know, mortgages did not perform well between 2006 and
4 2008. So the amount that would have been due to LBSF at the
5 time of the LBSF filing for protection in October of 2008 was
6 very large and was expected to increase. The Court may recall
7 that a document called a "Green sledge declaration" was
8 presented to the Court in the hearing on the letter agreement
9 with Deutsche Bank which estimated the value of payments
10 expected under the Libra credit default swap agreement alone
11 would exceed 800 million dollars.

12 In addition to money raised through notes, these
13 special purpose vehicles also had a second source of funding
14 known as the senior swap agreement which was provided by SG for
15 both transactions. LBSF contends that the purported
16 terminations of these transactions in October of 2008 were
17 invalid because they did not comply with certain requirements
18 in the documents for the termination procedures. If these
19 transactions were not properly terminated, SG would be exposed
20 to payment of many hundreds of millions of dollars. The assets
21 left in the special purpose entities would also be subject to
22 depletion if the transactions are not properly terminated.

23 As explained in detail in the motion, the settlement
24 agreement and the order, this settlement covers the exposure of
25 SG on its senior swap. While preserving the right of LBSF and

1 SG as assignee of LBSF to recover the assets that remain in the
2 transaction. Most of the changes, Your Honor, have to do with
3 the possibility of this -- what's referred to as future
4 litigation and how that is being dealt with in the order and
5 the agreement.

6 At this point, Your Honor, I'd like to yield to Mr.
7 Eric Winston, counsel for the official committee of unsecured
8 creditors for an explanation of the committee's position. And
9 then I believe Mr. Steven Wolowitz wants to explain the
10 position of SG on the (indiscernible) briefly. And that will
11 conclude the presentations for the motion unless the Court has
12 questions.

13 I do want to actually -- I have one more thing. I do
14 want to read from, if I might, into the record, this
15 handwritten change.

16 THE COURT: All right.

17 MR. RALPH MILLER: -- is being made. The handwritten
18 change, Your Honor, is on the last paragraph of the order. And
19 since I believe all of that last paragraph is new since the
20 filed version, I'll read it all in context if I may briefly.
21 It's titled "Reservation of Rights with Respect to Future
22 Litigation". "Nothing set forth in this order shall impair or
23 affect any rights, claims or defenses of the other Libra
24 parties with respect to the Libra termination claim or the
25 Libra priority claim or any of the rights, claims or defenses

1 of the other Vela parties with respect to the Vela termination
2 claim or the Vela priority claim" -- and this is the
3 handwritten edition -- "or any other rights, claims or defenses
4 of the other Libra parties or the other Vela parties in any
5 litigation that the debtors or SG may bring related to the
6 distribution of the remaining Libra assets or the remaining
7 Vela assets." I should note that there are some capitalized
8 terms here which are defined in the order or the attached
9 settlement agreement.

10 (Pause)

11 MR. RALPH MILLER: I'm sorry. I believe I read in a
12 word that was crossed out, Your Honor. The word "may" was
13 crossed out in this document. But we will correct it. Okay.
14 I'm sorry. That phrase should be "that the debtors or SG bring
15 related to the distribution", Your Honor.

16 And now, Mr. Winston.

17 MR. WINSTON: Good morning, Your Honor. Eric Winston
18 of Quinn Emanuel Urquhart & Sullivan on behalf of the
19 creditors' committee. The committee supports the settlement
20 and requests that the Court grant the motion. By virtue of the
21 settlement, the debtors' estate will obtain 370 million dollars
22 in cash within a very short period of time with a guaranty of
23 an additional seventy-five million dollars. This comes with a
24 consensual resolution with Societe Generale which would
25 otherwise be expected to vigorously contest, as they have